1990-91 ACTION LETTER ▷ ▷ ▷ ▷ ▷

Student Aid Delivery System

GEN-89-32

Dear Colleague:

This is the first in a regular series of Action Letters through which the Office of Student Financial Assistance (OSFA) will provide the financial aid community with information on the development and implementation of the 1990-91 Title IV student aid delivery system. The purpose of this first Action Letter is to present a schedule for awarding major contracts and a general overview of some of the features of the system, which will begin operation in January 1990.

To students and parents, the 1990-91 system will appear very similar to the current 1989-90 system. However, changes will permit need analysis services to be provided to student aid applicants and schools with increased **simplicity, timeliness, and quality.** This new system takes into account recommendations from Congress, the Advisory Committee on Student Financial Assistance, and the aid community.

Four contract procurements soon to be aw
structure of the 1990-91 delivery system.
projected award dates are: 1) Multiple D:
2) Central Processing, September 1989;
September 1989; and 4) Public Inquiry, ⁄

APPLICATION FORMS

Students will be able to apply for Title IV funds using the **Application for Federal Student Aid (AFSA)**, as under the current system. The 1990-91 AFSA is now in clearance and is expected to be approved by August 15. No major data elements or functions have been added, although there are format changes. OSFA published a Notice of Request for Comment on the AFSA in the January 26, 1989 *Federal Register*. All comments received were carefully considered. As an example of ED's response to these comments, the Stafford-Loan-specific data elements that were in the prototype form included with the notice will not be in the 1990-91 AFSA.

As in previous years, students may also apply for Title IV aid using one of the **Multiple Data Entry** processors' applications. For 1990-91, OSFA will contract with up to six entities to provide MDE services. One of these MDE processors will receive and input data from the AFSA.

MDE applications will begin with the core of questions, found on the AFSA, required for computation of eligibility for Title IV student assistance. Allowing for technical differences, the order and content of these core questions will be identical to those in the AFSA. We believe the use of the core form concept will make the process of completing an application for Title IV aid simpler and more recognizable for students and parents. It will also spotlight Federal aid in accordance with Congress's wishes, and will provide a clearly identified Simplified Needs Test format on all MDE applications.

STUDENT AID REPORT

Once again in 1990-91, the "official" Title IV output document will be a Student Aid Report (SAR). However, **each of the MDE processors will produce official SARs** containing the official Pell Grant Index, or PGI, currently called the Student Aid Index, and the Congressional Methodology Family Contribution, or FC. OSFA will prescribe the design of the SARs produced by all of the MDEs, so that all official Title IV aid output documents will look alike. The three-part 1990-91 SAR will be similar in function to the one currently in use.

OVERVIEW OF SYSTEM OPERATIONS

For 1990-91, the major change from the current delivery system will be in the distribution of responsibilities for certain processing functions after an AFSA or MDE application has been received by an MDE processor. In 1990-91, data entry and output will be separated from need analysis computations. Tasks to be performed by the MDEs and the Department of Education (ED) Central Processing System are as follows:

MDEs will —
- Receive applications,
- Enter data from both original applications and SAR corrections,
- Electronically send data to the Central Processing System,
- Receive computed data from the Central Processing System,
- Produce official SARs, and
- Receive and respond to requests for duplicate SARs directly from students and from the Public Inquiry Contractor.

ED's Central Processing System (CPS) will —
- Perform edits, data-base matches, and verification selection,
- Compute the PGI and FC, and
- Electronically exchange the data with MDEs (and with institutions if they participate in the Electronic Data Exchange System). The exchange of data between the MDE and the CPS will meet a contractual commitment to a 72-hour turnaround time for output production.

The basic information flow in the current and new systems is illustrated in the attached charts.

We believe the 1990-91 system will be less confusing for students si
will **not** be dealing with both an MDE processor a
All application and correction transaction
exception of those from schools participa

Most of the electronic support for the 19
under a contract for General Electronic S
electronic link between the MDEs and the
part of the CPS contract.

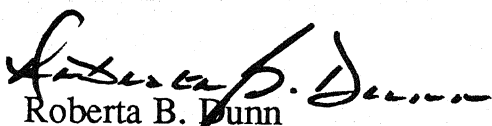## INFORMATION RESOURCES FOR STUDENTS, PARENTS, AND SCHOOLS

OSFA will continue to provide timely information and technical assistance to institutions and applicants. Under the 1990-91 system, information and responses to inquiries will be provided via the fourth procurement, the Public Inquiry Contract (PIC). The PIC will handle all telephone and mail inquiries regarding Federal student aid and the status of a specific individual's application for Title IV aid. Once again, a toll-free number will be available for general inquiries. Application status inquiries and requests to the PIC for duplicate SARs will be toll calls. The MDEs and the CPS will **not** handle public inquiries about the process of applying for Federal student aid or the status of individuals' applications.

A nationwide series of training workshops on the 1990-91 delivery system will be conducted for institutions by ED with assistance from one competitively-selected MDE. These workshops will be held as soon after system start-up as possible. In the meantime, this Action Letter series will provide regular updates on the 1990-91 system.

Timely and efficient implementation of the 1990-91 delivery system is the highest priority in OSFA. We have been devoting significant amounts of time to the development process for several months. As a result, the Need Analysis System Certification process is projected to begin earlier than usual this fall.

We believe the changes being introduced for the 1990-91 processing cycle will make the Federal student aid system more responsive to the needs of students. We look forward to working with all of you to implement sucessfully the system modifications for the 1990-91 award year.
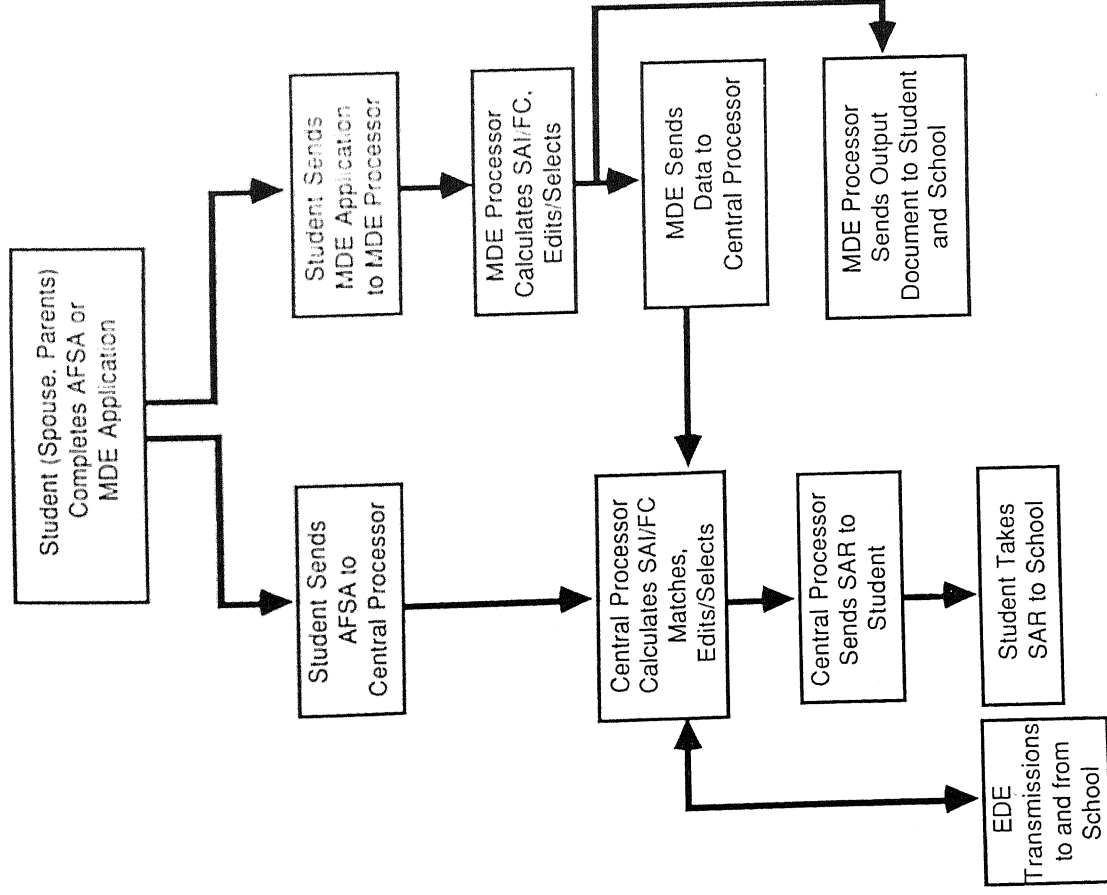
Sincerely,

Roberta B. Dunn
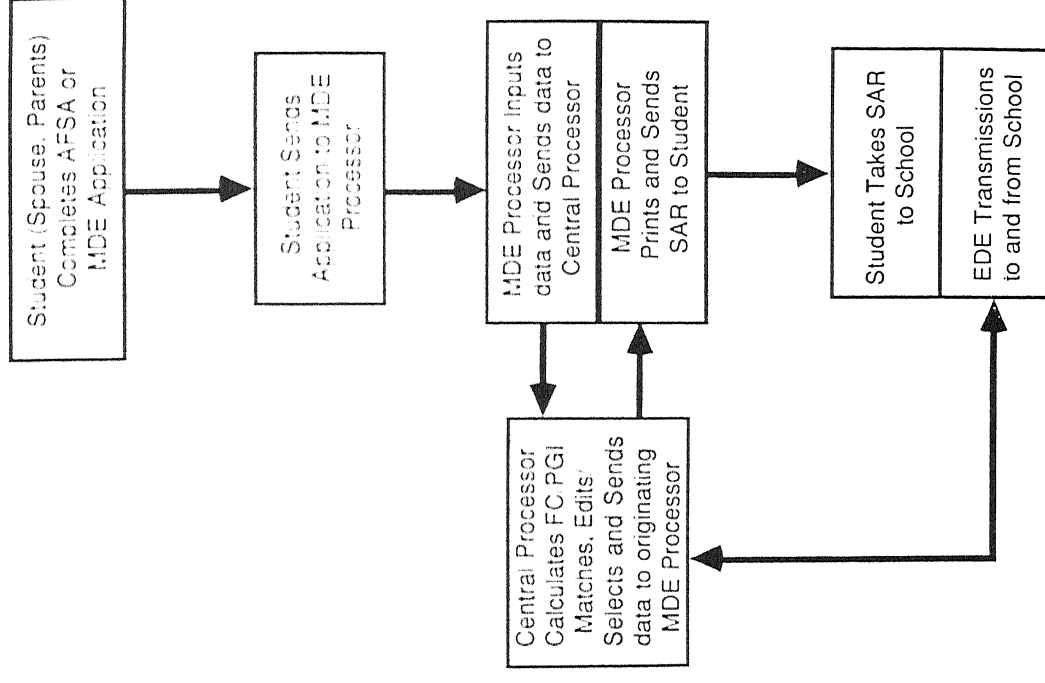Deputy Assistant Secretary
for Student Financial Assistance

William L. Moran
Director, Student Financial
Assistance Programs

1990-91 System

```
Student (Spouse, Parents)
Completes AFSA or
MDE Application
```
→
```
Student Sends
Application to MDE
Processor
```
→
```
MDE Processor inputs
data and Sends data to
Central Processor
```
```
MDE Processor
Prints and Sends
SAR to Student
```
→
```
Student Takes SAR
to School
```
```
EDE Transmissions
to and from School
```

```
Central Processor
Calculates FC PGI
Matches, Edits/
Selects and Sends
data to originating
MDE Processor
```

1989-90 System

```
Student (Spouse, Parents)
Completes AFSA or
MDE Application
```

```
Student Sends
MDE Application
to MDE Processor
```
→
```
MDE Processor
Calculates SAI/FC,
Edits/Selects
```
→
```
MDE Sends
Data to
Central Processor
```

```
MDE Processor
Sends Output
Document to Student
and School
```

```
Student Sends
AFSA to
Central Processor
```
→
```
Central Processor
Calculates SAI/FC
Matches,
Edits/Selects
```
→
```
Central Processor
Sends SAR to
Student
```
→
```
Student Takes
SAR to School
```

```
EDE
Transmissions
to and from
School
```

School Use Only	PGI:	SEC.PGI:	FC:	SEC.FC:	301-80-0158 BE 01

FAA Recalculated PGI ⌊_⌊_⌊_⌊_⌋

Request for Information Transfer
(RIT) ☐

Special Condition ☑   Pell Institution No. ⌊_⌊_⌊_⌊_⌊_⌊_⌋   FAA Signature _____

PGI Calculation Requested:

Projected Yr. Data ☐
Data Element ☐

RIT BLOCK

Write in the agency code to designate the MDE processor that you want to receive the student's information.

A = ACT
B = FSAP
    (AFSA Processor)
U = USAF
X = CSX

block." The procedure for using the RIT block on the SAR to transfer information to another MDE processor is described in *Scenario #3—Transfer using a SAR* in Action Letter #6.

3. *Correction AFSA filed after the student has filed a "regular" application.* In such a case, the information from the Correction AFSA will automatically be transferred back to the student's previous MDE processor, which will generate the SAR. Remember that if dependency status changes as the result of a Special Condition, the student must use the Correction AFSA, rather than the School Use Box on the SAR, to apply for the Special Condition. *Scenario 2* in Action Letter #6 describes the transfer of information when dependency status changes. In *Scenario 2,* the aid administrator used professional judgment to change the student's dependency status. However, the method of transfer is the same.

The student mails the Correction AFSA to the AFSA processor, which transmits the data to the CPS. The CPS receives the information, calculates a new PGI and FC, and transfers the information back to the previous MDE processor. That processor generates a corrected SAR and mails it to the student.

Scenario 7—Transfer using a Correction Application after initial application

In this scenario, after initial application the student's financial situation is drastically altered due to a Special Condition. The student decides to fill out a Correction AFSA rather than waiting for the SAR to arrive, and the information is transferred automatically to the MDE through which the original application was made.

Miguel A. applied to Magenta Sands Community College and filled out the CSX form preferred by the college. His parents separated a few weeks later, and Miguel stayed with his mother, who works part-time. He now qualifies for a Special Condition, so Miguel fills out a Correction AFSA and mails it to the address on the form. The application information is processed by the AFSA processor and sent to the CPS, where Miguel's PGI and FC are recalculated. The updated information is transferred automatically to the original processor, CSX, and CSX prints a SAR and sends it to Miguel.

If Miguel wants to transfer his information to another MDE processor after filing the Correction AFSA, he should use the RIT box on the SAR he received from CSX.

SUMMARY OF INFORMATION TRANSFER SCENARIOS

In Action Letter #6 and in this Action Letter, scenarios have been used to illustrate those cases in which information will be transferred to another processor. These scenarios are summarized below to provide a brief review of the information transfer process.

- *Scenario 1—Rejected application*

    If the CPS cannot process a student's data due to incomplete or insufficient information, a Correction Application must be filed. The system transfers the corrected information to the previous MDE processor, and that processor sends a SAR to the student. (Action Letter #6, p. 7)

- *Scenario 2—Dependency status changes after initial application*

    A dependency status change requires the use of a Correction AFSA; again, the system transfers the information to the previous MDE processor, and that processor produces a SAR for the student. (Action Letter #6, p. 8)

- *Scenario 3—Transfer using a SAR*

  With the help of the financial aid administrator, a SAR can be used to transfer data from one MDE processor to another. (Action Letter #6, p. 11)

- *Scenario 4—Transfer using the RIT form*

  A student who has not yet received a SAR can use the RIT form to transfer information from one MDE processor to another. (Action Letter #6, p. 12)

- *Scenario 5—Multiple applications*

  Filing two applications with different MDE processors produces a system-generated transfer of information. (Action Letter #6, p. 13)

- *Scenario 6—Transfer of information from a Correction AFSA used as a first application*

  If the Correction AFSA is used as a first application to file for a Special Condition, a RIT can be used to transfer information to another MDE processor. (Action Letter #11, p. 5)

- *Scenario 7—Transfer using a Correction Application after initial application*

  If, after an initial application, a Correction AFSA is used to file for a Special Condition, the updated information is transferred automatically to the previous MDE processor. (Action Letter #11, p. 7)
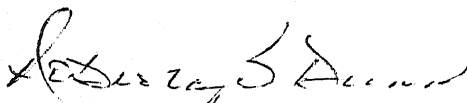
LOOKING AHEAD

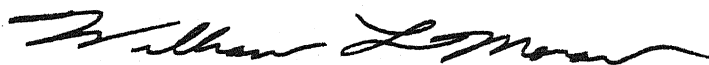Start-up of the 1990-91 delivery system has begun. All components of the system are in place.

For the 1991-92 award year, the Federal portion of each MDE application will be available to students free of charge. Thus, students who want to apply only for Federal aid will be able to fill out the Federal core data on any MDE application and submit the application without paying a fee.

This concludes the series of Action Letters for the 1990-91 delivery system. We hope these letters have been informative and helpful.

Sincerely,

Roberta B. Dunn
Deputy Assistant Secretary
for Student Financial Assistance

William L. Moran
Director, Student Financial
Assistance Programs

Attachment

cc: Leonard Haynes III
       Assistant Secretary
          for Postsecondary Education

SPECIAL CONDITIONS	DEPENDENT	INDEPENDENT
Loss of employment	• One of the student's parents (or a stepparent) earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.	• The student worked full-time (at least 35 hours a week) for at least 30 weeks in 1989, but is not working full-time now. (Does not apply to the student's spouse.) • The student's spouse earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.
Loss of earnings due to disability or natural disaster	• One of the student's parents earned money in 1989, but has not been able to earn money in his or her usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.	• The student (or spouse) earned money in 1989 but has not been able to earn money in the usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.
Loss of untaxed income or benefit	• One of the student's parents received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must have been paid by a public or private agency, from a company, or from a person because of a court order.	• The student (or spouse) received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.
Separation or divorce	• The student has already applied for Federal student aid, but his or her parents have separated or gotten divorced since that time.	• The student has already applied for Federal student aid, but has separated or been widowed or divorced since that time.
Death	• The student has already applied for Federal student aid, but, since that time, one of the student's parents has died.	• The student has already applied for Federal student aid as a dependent student, but, since that time, the student's last surviving parent has died.